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## Frequently Asked Questions “FAQs”

### **Q: What are the steps in becoming an Ace licensee?**

- A:
- I. Introduction
  - II. Qualification
  - III. Discovery
  - IV. Validation
  - V. Decision
  - VI. Execution

### **Q: What is the typical investment in opening an Ace Hardware store in Mexico?**

A: The investment depends on the size of the store and market. An estimated store development fee for a 1000 square meter store is approximately \$1M per store (excluding real estate). This would include store design, fixtures, furniture, and equipment, point of sale, signage and opening stock order/inventory.

### **Q: What does the Ace License Fee include?**

A: The License Fee provides the rights to use the Ace brand, access to over 100,000 SKU's consisting of Ace Private Label brands as well as global, regional and local brands, the support of global and local distribution services and centers, a dedicated sourcing team in China, and experts in the industry to continuously train and support the growth of your retail hardware business.

### **Q: Why Mexico?**

A: Mexico, as the 11<sup>th</sup> largest economy based on GDP, one of the highest home ownership rates and rising middle class, provides Ace Franchisees an opportunity for growth. Ace provides the perfect opportunity to capture the Convenience Home Improvement segment with flexible store formats ranging from 300 square meters to 3,000 square meters depending on the trade area.

### **Q: What Brands will be offered at an Ace Store in Mexico?**

A: Brands consisting of Ace Private Label, global, regional and local brands will be offered at each store and may vary depending on each store's trade area. The Ace Project Manager will assist you in selecting the right merchandise mix.

### **Q: How does Ace compete with the “big boxes” ie. Home Depot, Sodimac?**

A: Ace competes by providing a Helpful shopping experience in a conveniently located store where your customers can get in and get out without the hassles of driving in the congestions of Mexico City and by providing relevant, differentiated assortments with high quality products at a competitive price.

### **Q: Will Ace offer “Exclusive Territories”?**

A: Ace will offer Area Development agreements and Unit Development agreements. Area Development Agreements (ADAs), will be offered for select areas and include exclusivity and a minimum store development schedule of 20 stores in a 10-year term. Unit Development agreements (UDAs), are available for investors looking to develop 1 or more stores without territory exclusivity, also for a 10-year term.

### **Q: How will the store be supplied and replenished?**

A: Ace has partnered with one of Mexico's most reputable hardware distributors. Depending on the store's volume, it may receive up to two deliveries per week.

### **Q: Can Ace assist in finding the right location?**

A: Ace has partnered with one of Mexico's leading commercial real estate firms which assist you in finding, negotiating pre-approved sites which meet the Ace criteria for the right size, demographics and economics.

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**Q: What is the Ace Stock Subscription investment?**

A: It is the investment into Ace by purchasing \$25,000 of Ace International Holdings "AIH" stock for the first store and \$15,000 for each additional store. This provides the retailer a direct equity investment in Ace International.

**Q: Are the AIH shares traded on the open market such as NYSE, NASDAQ?**

A: No, these shares may be purchased or sold among Ace retailers and Ace International Holdings. A third-party accounting firm determines the value of the company and shares on an annual basis.

**Q: How does Ace assist me once I have become a licensee and identified my first store?**

A: Ace has a dedicated project management team that will assist in store floor plans, fixturing, visual merchandising, and opening stock orders. Additionally, the Ace Retail Business Coach will provide training to the Ace Way of Retailing and the Marketing team will assist with coordinating public relations and advertising campaigns.

**Q: How does Ace help me with training?**

A: Ace provides a specific training program for new retailers which includes a New Owners Institute and several weeks of store training for the owner/manager. Additionally, all employees will have an extensive library of online training materials available through the Company's intranet.

**Q: If I currently own/operate a chain of home improvement stores in my "territory"; can I still become a licensee?**

A: Yes, Ace provides a comprehensive conversion package that allows existing independent retailers to join the Ace family. The package is focused on the re-branding of the store(s), increasing profitability, enhancing gross margin, and implementing "Ace Way of Retailing". It allows the new retailer to take advantage of all the benefits Ace retailers share worldwide.

**Q: What takes place at the Ace Fall & Spring Show? How can I attend?**

A: The Ace shows provide the best opportunity for you and your team to better understand the Ace offering, meet the leadership of Ace, experience the culture and see the resources and vendors that would be available to you. You will meet Ace key vendors, see new product assortments, participate in training workshops to sharpen your retailer skills and visit the three-day vendor fair.

**Q: Is there in an opportunity to visit stores to discuss the Ace Opportunity?**

A: Yes, Ace can arrange for you to meet with one of the Ace Market Development Managers in the region or the US, so that you can visit various store formats and learn more about the Ace opportunity.

**Q: What are approximate ranges of a store's sales performance?**

A: Store sales range from region to region and retailer to retailer, we would be more than happy to discuss these ranges directly with each candidate.